

September 13, 2011

The Honorable Rick Jones
Chairman, Senate Judiciary Committee
P.O. Box 30036
Lansing, MI 48909-7536

Dear Senator Jones,

We write to voice our strong support for Senate Bill 269 introduced by your Committee colleague Senator Tonya Schuitmaker that was referred to the Senate Judiciary Committee. This bill would raise the threshold for filing in small claims court from \$3,000 to \$10,000, a ceiling that has not increased in over ten years. The national average for limits on filing in small claims court is more than double Michigan's current amount, with nine states at limits of \$10,000 or more.

This legislation is crucial because often businesses and those seeking judgment find themselves forced to use the legal system to recover debts owed to them. Those debts may be loans, overdrawn savings, overdue rental security deposits, delinquent rent, repair bills, physical damage or breach of contract, and simply collecting on money owed. Michigan's Small Claims ceiling effectively limits a business to filing in district court or not filing at all. Currently, businesses find themselves in a dilemma of whether they should take a debt to small claims court even if the debt is above the low \$3,000 limit, because they may often forfeit any amount over \$3,000 in expensive collection agency and legal fees if a debt is instead brought to the district court. Increasing the small claims limit would provide many businesses with an increased opportunity to pursue claims at low-cost.

While some collection industry representatives claim raising the small claims cap runs contrary to the historical nature of the purpose of the small claims process (settle small debts in a quick, efficient manner for consumers), Michigan (along with several other states) currently allows for both consumers and businesses to use the small claims process. If the cap had a meaningful raise such as that proposed in Senate Bill 269, many more people and businesses could benefit from the speed, efficiency, and lower costs inherent with the small claims process.

Michigan must continue to enact reforms to further improve its business climate in order for our economy and job market to grow. We strongly support Senate Bill 269 and ask for your support as well. Thank you for your consideration.

Sincerely,

Michigan Credit Union League & Affiliates
National Federation of Independent Business-Michigan
Small Business Association of Michigan
Michigan Association of Home Builders
Community Bankers of Michigan
Rental Property Owners Association of Michigan
Michigan Bankers Association
Michigan Manufactured Housing, RV & Campground Association
Michigan Chamber of Commerce
Associated Food & Petroleum Dealers

Cc: The Honorable John Walsh, House Judiciary Committee Chairman
Members of the Senate Judiciary Committee